

MAINE WORKERS' COMPENSATION BOARD COMPLIANCE AUDIT REPORT

**Maine Municipal Association
60 Community Drive
Augusta, Me 04330-9486**

May 11, 2000

Claims Covered by Audit: 2000 Dates of Injury

Companies Covered by Audit:

Maine Municipal Association NCCI S801

Examination by: Shel McAfee, Audit Manager
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Reviewed and Approved by: Steven Minkowsky, D.D.B.A.

The results of the audit and the procedures followed have been explained to:

Name:	Title:	Date:
Sue Smith	Team Leader	April 20, 2001
Paul Nixon	Claims Manager	April 20, 2001

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SUMMARY

The Audit Division of the Maine Workers' Compensation Board examined 100 claim files for the period under examination (2000) to determine compliance with statutory and regulatory requirements in the following areas:

- Form filing
- Timeliness of indemnity payments
- Accuracy of indemnity payments

Of the claims files audited, there were 28 “lost time” claims, 4 “medical only” claims and 68 “incident only”¹ claims.

Our audit revealed:

Maine Municipal Association is a self-insured group and its workers' compensation coverage is self-administered.

- All reportable claims identified had been reported to the Board at the time of audit.
- Of the nine (9) compensable lost time claims identified; five (5) were calculated and paid correctly, two (2) were determined to be indemnity overpayments and two (2) are being investigated further to determine if additional indemnity is due to the injured employees.
- No general problems were identified in the methods used to determine average weekly wages and benefit rates. Two instances were discovered where the AWW and Benefit Rate appear to have been incorrectly determined which resulted in the overpayments mentioned above. However this division believes that these are isolated incidents.
- The most significant form filing compliance problem appears to be in the filings of the Statement of Compensation Paid (WCB-11). Compliance was only 43%. It appears that Maine Municipal Association does not have an effective system for generating these forms in a timely manner. This division would recommend that they confront this issue in the future.

The Audit Division would like to thank Maine Municipal Association and its staff for the use of its facilities and providing the audit staff the necessary materials needed to complete the audit in a proficient manner.

¹ “Incident only” Claims incur no medical expenses and less than a day of lost time.

PENALTIES

◆ Section 205(3), M.R.S.A. Penalties (payable to injured employees)

“When there is not an ongoing dispute, if weekly compensation benefits or accrued weekly benefits are not paid within 30 days after becoming due and payable, \$50 per day must be added and paid to the worker for each day over 30 days in which the benefits are not paid. Not more than \$1,500 in total may be added pursuant to this subsection. For purposes of ratemaking, daily charges paid under this subsection do not constitute elements of loss.”

Penalties pursuant to 39-A M.R.S.A. Sec. 205(3) are paid directly to the injured employee. The penalties below are being sought. If you disagree, you have the right to a hearing before the Abuse Investigation Unit. Please provide proof of payment for all undisputed penalties.

CLAIM	PENALTY JUSTIFICATION	PENALTY AMOUNT
Marie Ray Vs. The City of Portland Date of Injury: 2-04-00 MMA File Number: 200-293 WCBN Number: 00-00-13-66	Subsequent payments were improperly discontinued, Payment per WCB-8 made 346 days after payment became due and payable	\$1,500.00
<hr/> Total Penalties to Injured Employees		\$1,500.00

PENALTIES (Continued)

◆ Penalties Allowed by Law (Payable to the Workers' Compensation Board)

39-A M.R.S.A. Sec. 359(2)

“In addition to any other penalty assessment permitted under this Act, the board may assess civil penalties not to exceed \$10,000 upon finding, after hearing, that an employer, insurer or 3rd-party administrator for an employer has engaged in a pattern of questionable claims-handling techniques or repeated unreasonably contested claims. The board shall certify its findings to the Superintendent of Insurance, who shall take appropriate action so as to bring any such practices to a halt. This certification by the board is exempt from the provisions of the Maine Administrative Procedure Act.”

39-A M.R.S.A. Sec. 360(1)(A)

“The board may assess a civil penalty not to exceed \$100 for each violation on any person: Who fails to file or complete any report or form required by this Act or rules adopted under this Act;”

39-A M.R.S.A. Sec. 360(1)(B)

“The board may assess a civil penalty not to exceed \$100 for each violation on any person: Who fails to file or complete such a report or form within the time limits specified in this Act or rules adopted under this Act.”

- Five (5) forms were filed late (\$500.00).

39-A M.R.S.A. Sec. 360(2)

“The board may assess, after hearing, a civil penalty in an amount not to exceed \$1,000 for an individual and \$10,000 for a corporation, partnership or other legal entity for any willful violation of this Act, fraud or intentional misrepresentation. The board may also require that person to repay any compensation received through a violation of this act, fraud or intentional misrepresentation or to pay any compensation withheld through a violation of this Act, fraud or misrepresentation, with interest at the rate of 10% per year.

INDEMNITY BENEFITS

A. Prompt Initial Payment of Benefits

			2000	
			Number	Percent
Check Mailed Within:				
0-14	Days	Compliant	9	100%
Total Due			9	100%

B. Prompt Subsequent Payment of Benefits

			2000	
			Number	Percent
Check Mailed Within:				
0-7	Days	Compliant	77	90%
8-14	Days		6	7%
15 +	Days		3	3%
Total Due			86	100%

C. Accuracy of Average Weekly Wage

			2000	
			Number	Percent
Calculated:				
Correct		Compliant	7	77%
Incorrect			2	23%
Total			9	100%

D. Accuracy of Weekly Benefit Rate

			2000	
			Number	Percent
Calculated:				
Correct		Compliant	7	77%
Incorrect			2	23%
Total			9	100%

FORM FILING

A. First Report (WCB-1)

		2000	
		Number	Percent
Filed	Compliant	30	30%
Not Required		70	70%
Total		100	100%

B. Wage Statement (WCB-2)

		2000	
		Number	Percent
Received at the Board:			
Filed	Compliant	8	80%
Filed Late		2	20%
Total		10	100%

C. Schedule of Dependent(s) and Filing Status Statement (WCB-2A)

		2000	
		Number	Percent
Received at the Board:			
Filed	Compliant	7	77%
Filed Late		2	23%
Total		9	100%

D. Memorandum of Payment (WCB-3)

		2000	
		Number	Percent
Received at the Board:			
Filed	Compliant	9	100%
Filed Late		0	0%
Total		9	100%

FORM FILING (Continued)

E. Discontinuance or Modification (WCB-4)

		2000	
		Number	Percent
Received at the Board:			
Filed	Compliant	8	100%
Filed Late		0	0%
Total		8	100%

F. Discontinuance or Reduction Of Compensation (WCB-8)

		2000	
		Number	Percent
Received at the Board:			
Filed	Compliant	2	67%
Filed Late		1	33%
Total		3	100%

G. Notice of Controversy (WCB-9)

		2000	
		Number	Percent
Received at the Board:			
Filed	Compliant	7	100%
Not Filed		0	0%
Total		7	100%

H. Statement of Compensation Paid (WCB-11)

		2000	
		Number	Percent
Received at the Board:			
Filed	Compliant	7	100%
Not Filed		0	0%
Total		7	100%